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June 8, 1976

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## COMMISSIONER SPEAKS

U.S. SECURITIES AND  
EXCHANGE COMMISSION

### DISCLOSURE - THE NAME OF THE GAME

On June 8 Commissioner Evans addressed the Western Regional Conference of the Bank Administration Institute regarding bank disclosure and the Commission's efforts in this area. The Commissioner discussed the development of the Commission's proposed bank disclosure guides and indicated that revisions had been made in the guides in response to public comments, and that the Commission had sent the guides to the bank regulatory agencies for their review. With respect to the substance of the guides, the Commissioner emphasized that the requests for information were being tailored as much as possible to the informational and reporting format presently applicable to banks in order to reduce the burdens and cost of such disclosure.

Commissioner Evans also pointed out that the bank holding companies that made such disclosure in their public offerings have all been successful in obtaining capital from the market, and that there does not seem to be any evidence that the banking system or economic recovery have been adversely affected. In addition, the Commissioner indicated that the Commission's disclosure approach was part of an overall trend toward more disclosure of all business and government operations and was also part of the effort to improve financial reporting in the corporate community. Furthermore, the Commissioner concluded that "nothing could contribute more to a restoration of trust and confidence than to show that banks are safe and sound through full and fair disclosure."

## COMMISSION ANNOUNCEMENTS

### INITIAL DECISION FINDS VIOLATIONS BY MITCHUM, JONES & TEMPLETON, BUT IMPOSES NO SANCTION

Administrative Law Judge Max O. Regensteiner has issued an initial decision with respect to Mitchum, Jones & Templeton (registrant), a Los Angeles broker-dealer. He found that registrant aided and abetted violations of antifraud and other provisions of the securities laws in connection with its participation in a registered 1972 stock offering of SaCom, but concluded that the public interest did not warrant imposition of a sanction. The decision is subject to Commission review on petition of a party or on the Commission's own initiative.

Registrant was a member of the underwriting syndicate for the SaCom offering. However, according to the initial decision, registrant's syndicate department manager had an undisclosed understanding with the managing underwriter that registrant would not be subject to the normal underwriter's risk of having to take unsold stock into its investment account. None of the shares for which registrant was committed were sold; pursuant to the understanding, the managing underwriter purchased those shares for its own account upon termination of the syndicate. The failure to disclose the understanding was held to render the representations concerning registrant in the registration statement and otherwise materially misleading.

In holding that it was not necessary or appropriate to sanction registrant, the administrative law judge noted, among other things, that the misconduct represented an isolated occurrence, that it had not been proven that registrant had failed reasonably to supervise, and that the responsible employee had not been associated with registrant since 1973.

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## COURT ENFORCEMENT ACTIONS

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### COMPLAINT NAMES MILTON ZABARSKY, OTHERS

The SEC announced the filing of a complaint in the U.S. District Court for the Southern District of New York, seeking to enjoin Milton Zabarsky, Leonard I. Green, Edward W. Gibbons, Lawrence A. Pierce, Harry S. Samuels, Fred Werbel and Murray Nadel from violations of the antifraud provisions of the securities laws. The Commission is also seeking the disgorgement of trading profits from certain of the defendants.

The Commission's complaint alleged that defendants Zabarsky, Green, Pierce, Samuels and Nadel purchased the securities of St. Johnsbury Trucking Company (STJ), at various times during 1973 and 1974, while in possession of material, non-public information concerning a proposed asset acquisition of STJ at a price substantially in excess of the then market price for STJ stock. The complaint further alleges that defendants Werbel and Gibbons, while in possession of material, non-public information concerning the STJ asset acquisition disclosed that material, non-public information to persons who subsequently purchased STJ stock.

Defendants Pierce, Werbel, Zabarsky and Nadel have consented, without admitting or denying the allegations in the Commission's complaint, to final judgments of permanent injunction, enjoining them from further violations of the antifraud provisions of the securities laws. (SEC v. Milton Zabarsky, et al., Civil Action No. 76-Civ.2457, U.S.D.C. S.D.N.Y.). (LR-7432)

### SHELDON G. ERICKSON ENJOINED

The Washington Regional Office announced that on May 24 Judge William B. Bryant of the federal court in Washington, D.C. entered a final judgment of permanent injunction against Sheldon G. Erickson of Bethesda, Maryland. The defendant consented to being enjoined without admitting or denying the allegations contained in the Commission's complaint. The judgment enjoins the defendant from further violations of the registration and antifraud provisions of the securities laws. The complaint alleged that the defendant sold approximately \$600,000 worth of the unregistered stock of Viking Ventures, Inc. (VVI). Misrepresentations and omissions alleged in the complaint, among other things, concern prospective price increases for VVI common stock, the listing of VVI common stock on a stock exchange, VVI's prospects for obtaining institutional financing, the value of assets owned by VVI and VVI's lack of proper books, records, and recordkeeping procedures. (SEC v. Sheldon G. Erickson, et al., D.D.C. Civil Action No. 76-0652). (LR-7433)

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## HOLDING COMPANY ACT RELEASES

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### KENTUCKY POWER COMPANY

A notice has been issued giving interested persons until June 29 to request a hearing on a proposal of Kentucky Power Company, subsidiary of American Electric Power Company, Inc., to issue and sell notes to banks in an amount not to exceed \$20 million outstanding at any one time. (Rel. 35-19560 - June 4)

### APPALACHIAN POWER COMPANY

A notice has been issued giving interested persons until June 29 to request a hearing on a proposal of Appalachian Power Company (Appalachian), subsidiary of American Electric Power Company, Inc., to extend for one year from June 30, 1976 until June 30, 1977 the time during which Appalachian may issue and sell notes to a dealer in commercial paper pursuant to an exemption from competitive bidding. (Rel. 35-19561 - June 4)

### INDIANA & MICHIGAN ELECTRIC COMPANY

A notice has been issued giving interested persons until June 29 to request a hearing on a proposal of Indiana & Michigan Electric Company, subsidiary of American Electric Power Company, Inc., to issue and sell notes to banks, commercial paper to a dealer in commercial paper and demand notes to bank trust departments in an amount not to exceed \$150 million outstanding at any one time. (Rel. 35-19562 - June 4)

### MIDDLE SOUTH UTILITIES

A notice has been issued giving interested persons until July 1 to request a hearing on proposals by Middle South Utilities, Inc. and Louisiana Power & Light Company, a subsidiary, whereby Louisiana will sell and Middle South will acquire 3,900,000 additional shares of Louisiana's common stock for \$25 million in cash and Louisiana will

increase the stated value of its capital stock by transferring \$10,140,000 from retained earnings. (Rel. 35-19563 - June 4)

#### CONNECTICUT YANKEE ATOMIC POWER COMPANY

A notice has been issued giving interested persons until June 30 to request a hearing on a proposal of Connecticut Yankee Atomic Power Company, subsidiary of Northeast Utilities and New England Electric System, whereby Connecticut Yankee will issue \$14 million of first mortgage bonds and a two-year promissory note in the amount of \$10 million. Both sales are exempted from the competitive bidding requirements of Rule 50 by reason of Rule 50(a)(2). The proceeds of the sales will be used to retire outstanding short-term borrowings. (Rel. 35-19564 - June 4)

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## SELF-REGULATORY ORGANIZATIONS

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### APPROVAL OF PROPOSED RULE CHANGE

The Commission has approved the Philadelphia Stock Exchange, Inc. rule change (SR-PBW-76-6) to permit the exchange to monitor and regulate transactions of its officers and employees in underlying securities which are the subject of options trading on that exchange and permit its officers and employees to engage in transactions in certain options. (Rel. 34-12518)

The Commission has also approved a proposed rule change filed by the Philadelphia Stock Exchange. The rule change (SR-PBWSE-76-1) conforms the Exchange's net capital requirements to the standards of Rule 15c3-1. (Rel. 34-12520)

The Commission has approved a proposed rule change filed by the American Stock Exchange. The rule change (SR-Amex-76-1) conforms the Exchange's net capital rule and business restriction and reduction requirements to the standards of Rule 15c3-1. (Rel. 34-12519)

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## SECURITIES ACT REGISTRATIONS

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### (S-1) BROCK EXPLORATION CORPORATION

150 Baronne St., New Orleans, La. 70112 - \$7,500,000 units of limited partnership interests in its 1976 Oil and Gas Drilling Programs, to be offered for sale at a minimum subscription of \$5,000 per unit by participating NASD dealers. Brock Securities Corporation (a wholly-owned subsidiary), 150 Baronne St., New Orleans, La. 70112, is dealer-manager. The Programs will consist of up to three limited partnerships which will engage in exploratory and development drilling. (File 2-56178 - Apr. 28)

### (S-1) TEXLAND DRILLING PROGRAM - 1976 (Issuer)

3402 Fort Worth National Bank Bldg., Fort Worth, Tex. 76102 - \$3 million of preformation limited partnership interests (units of participation), such interests subject to possible assessments not to exceed \$750,000, with Texland Petroleum, Inc. (general partner) obligated under certain conditions to repurchase a portion of the interests. The 300 units of participation are to be offered for sale at \$10,000 per unit, by McDonald & Company, as dealer-manager, and selected NASD members, as soliciting dealers, on a best efforts basis. The partnership will be formed to drill for and produce oil and gas and purchase oil and gas properties. (File 2-56400 - May 19)

### (S-7) OHIO EDISON COMPANY

47 North Main St., Akron, Ohio 44308 - up to \$60 million of first mortgage bonds, to be offered for sale by the company at competitive bidding. The company is an electric utility. (File 2-56527 - June 3)

### (S-9) THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY

140 New Montgomery St., San Francisco, Cal. 94105 - \$300 million of thirty-nine year debentures, due 2015, to be offered for sale at competitive bidding. The company furnishes communications services, mainly local and toll telephone service. (File 2-56531 - June 4)

### (S-14) THE PARTNERS FUND, INC.

522 Fifth Ave., New York, N.Y. 10036 - 75,000 shares of capital stock. It is proposed to offer these shares to the stockholders of The Fore Fund, Inc. (Fore), 522 Fifth Ave., New York, N.Y. 10036, in connection with a Plan and Articles of Merger pursuant

to which Fore would be merged with and into The Partners Fund, Inc. (Partners) with shares of Fore being converted into shares of Partners at an exchange ratio to be based on relative net asset values. Partners is a diversified, open-end investment company. (File 2-56532 - June 4)

(S-7) OKLAHOMA GAS AND ELECTRIC COMPANY

321 North Harvey Ave., Oklahoma City, Okla. 73101 - 1,789,537 shares of common stock. The company proposes to offer these shares for subscription by common shareowners of record July 9, 1976, on the basis of one share for each ten shares held. The underwriters are Merrill Lynch, Pierce, Fenner & Smith Inc., One Liberty Plaza, 165 Broadway, New York, N.Y. 10006; Bache Halsey Stuart Inc., 100 Gold St., New York, N.Y. 10038; and Dean Witter & Co. Inc., One Liberty Plaza, 91 Liberty St., New York, N.Y. 10006. The company is an electric public utility which furnishes retail electric service in parts of Oklahoma and western Arkansas and electric energy at wholesale for retail in those states. (File 2-56534 - June 4)

In a separate statement the company seeks registration of 300,000 shares of cumulative preferred stock (\$100 par). The representatives of the principal underwriters are Merrill Lynch, Pierce Fenner & Smith Inc., One Liberty Plaza, 165 Broadway, New York, N.Y. 10006; Kidder, Peabody & Co. Inc., 10 Hanover Square, New York, N.Y. 10005; and White, Weld & Co. Inc., One Liberty Plaza, 91 Liberty St., New York, N.Y. 10006. (File 2-56535 - June 4)

(S-1) UNIVERSAL SECURITY INSTRUMENTS, INC.

2829 Potee St., Baltimore, Md. 21225 - 500,000 shares of common stock, to be offered for sale by underwriters headed by Moore & Schley, Cameron & Co. Of these shares, 250,000 will be offered by the company and 250,000 will be offered by certain selling shareholders. The company designs, manufactures and sells burglar and fire alarm and smoke detection devices and systems for homes, businesses and vehicles and sells components, accessories and supplies for securities systems. (File 2-56537 - June 4)

REGISTRATIONS EFFECTIVE

May 28: Alpha Industries, 2-55676; Beneficial Corp., 2-56308; Boston Oil Limited 1976, 2-55582; Caltex Petroleum Corp., 2-56294; Carson Pirie Scott & Co., 2-56293; Earl Scheib, Inc., 2-56379; Florida Gas Co., 2-56427; Kuhlman Corp., 2-56300; Lucky Stores Inc., 2-55975; Lykes Corp., 2-56335; Montara Oil & Gas Programs 1976, 2-55625 (90 days); Multiple Maturity Tax-Exempt Bond Trust, 2-56089; Niagara Mohawk Power Corp., 2-56330; Science Applications Inc., 2-56263; United States Gypsum Co., 2-56440.  
June 1: Allis-Chalmers Corp., 2-56315; Baxter Travenol Laboratories Inc., 2-54369; ESL Inc., 2-56237; General Telephone Co. of Ohio, 2-56304; Moneymart Assets Inc., 2-55301; RVS Cablevision Corp., 2-55710 (90 days); Rangaire Corp., 2-56245; United Telecommunications Inc., 2-56309; Western Union Corp., 2-56060 & 2-56310.  
June 2: Arkansas Louisiana Gas Co., 2-56227; Barnes Group Inc., 2-56437; Cyprus Mines Corp., 2-56439; Dana Corp., 2-56415; Galveston-Houston Co., 2-55848; Information Magnetics Corp., 2-56407; Jewel Companies Inc., 2-56077; NN Corp., 2-56040; National Mine Service Co., 2-56287; Potomac Electric Power Co., 2-56250; Tulstar Factors Inc., 2-55596; The Warner & Swasey Co., 2-56302 & 2-56348; Woods Petroleum Corp., 2-54963.

NOTE TO DEALERS. When applicable the 90-day period of time dealers are required to use the prospectus is noted above in parentheses after the name of the issuer. As to the other issuers, there may be no such requirement to use a prospectus, or the requirement may be for a period of only 40 days; see Section 4(3) of the Securities Act of 1933 and Rule 174 (17 CFR 230.174) thereunder.

NOTICE

Many requests for copies of documents referred to in the SEC News Digest have erroneously been directed to the Government Printing Office. Copies of such documents and of registration statements may be ordered from the Public Reference Section, Securities and Exchange Commission, Washington, D.C. 20549. The reproduction cost is 15¢ per page plus postage (\$2 minimum) and 30¢ per page plus postage for expedited handling (\$5 minimum). Cost estimates are given on request. All other referenced material is available in the SEC Docket.

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